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University of Louisiana Monroe Facilities, Inc.

Independent Auditors' Report and Financial Statements

As of and For the Years Ended June 30, 2012 and 2011

LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

AS OF AND FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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Independent Auditors' Report

LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm TODD LITTLE CPA
CHARLES R MARCHBANKS, JR CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
University of Louisiana Monroe Facilities, Inc
Monroe, Louisiana

We have audited the accompanying statements of financial position of University of Louisiana Monroe Facilities, Inc (the "Facilities") as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended These financial statements are the responsibility of the Facilities' management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with U S generally accepted auditing standards Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Louisiana Monroe Facilities, Inc as of June 30, 2012 and 2011, and the results of its activities and cash flows for the years then ended in conformity with U S generally accepted accounting principles

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole The Schedule of Revenues, Expenses, and Capitalized Expenditures Made to or on Behalf of ULM's Intercollegiate Athletics Program is presented for purposes of additional analysis and is not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Little & Associates, LLC

Monroe, Louisiana
August 28, 2012

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Financial Statements

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012 AND 2011

ASSETS

	2012	2011
CURRENT ASSETS		
Cash and Cash Equivalents - Restricted	$ 4,018,010	$ 4,775,167
Accounts Receivable, Net of Allowance for Doubtful Accounts	112,921	119,445
Due From ULM - Student Rent Collections	106,425	284,628
Total Current Assets	4,237,356	5,179,240
RESTRICTED ASSETS		
Cash and Cash Equivalents - Noncurrent	8,119,667	7,744,001
Total Restricted Assets	8,119,667	7,744,001
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	52,378,385	52,796,670
OTHER ASSETS		
Debt Issuance Costs, net of Accumulated Amortization	1,576,009	1,590,111
Total Other Assets	1,576,009	1,590,111
TOTAL ASSETS	$ 66,311,417	$ 67,310,022

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012 AND 2011

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES		
Accounts Payable - Operations	$ 389,987	$ 282,401
Deferred Revenues - Student Rents & Other	166,972	197,393
Contracts & Retainage Payable	95,938	48,370
Accrued Interest Payable	294,083	300,661
Interest Rate Swaps Liability	841,445	-
Current Portion of Long-Term Debt	1,255,000	1,040,550
Total Current Liabilities	3,043,425	1,869,375
LONG-TERM LIABILITIES		
Notes Payable	69,295,000	70,335,550
Less Current Portion of Long-Term Debt	(1,255,000)	(1,040,550)
Total Notes Payable, net of Current Portion	68,040,000	69,295,000
Interest Rate Swaps Liability	-	2,788,015
Total Long-Term Liabilities	68,040,000	72,083,015
TOTAL LIABILITIES	71,083,425	73,952,390
NET ASSETS		
Unrestricted Net Assets	(4,772,008)	(6,642,368)
Total Net Assets	(4,772,008)	(6,642,368)
TOTAL LIABILITIES AND NET ASSETS	$ 66,311,417	$ 67,310,022

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
UNRESTRICTED NET ASSETS		
OPERATING REVENUES		
Student Rent Income	$ 7,048,092	$ 6,878,082
Student Fees	1,541,178	1,325,526
Other Income	16,598	16,596
Total Operating Revenues	8,605,868	8,220,204
OPERATING EXPENSES		
Program Services		
Property Management Expenditures	2,544,333	2,403,986
Bad Debt Expense	14,081	36,614
Other Operating Expenses	38,561	51,115
Depreciation Expense	2,555,561	2,473,679
Total Operating Expenses	5,152,536	4,965,394
Change in Net Assets From Operations	3,453,332	3,254,810
NONOPERATING REVENUES (EXPENSES)		
Investment Income	6,231	18,014
Interest Expense	(3,375,542)	(3,362,233)
Bond Related Fees	(3,000)	(15,500)
Amortization - Debt Issuance Costs	(18,439)	(10,719)
Gain (Loss) on Disposition of Property and Equipment	(138,792)	-
Total Nonoperating Revenues (Expenses)	(3,529,542)	(3,370,438)
Change in Unrestricted Net Assets Before Unrealized Gains (Losses)	(76,210)	(115,628)

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
UNREALIZED GAINS (LOSSES)		
Unrealized Gain (Loss) on Interest Rate Swaps	1,946,570	1,439,083
Total Unrealized Gains (Losses)	1,946,570	1,439,083
Change in Net Assets	1,870,360	1,323,455
Net Assets, Beginning of Year	(6,642,368)	(7,965,823)
Net Assets, End of Year	$ (4,772,008)	$ (6,642,368)

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities		
Change in net assets	$ 1,870,360	$ 1,323,455
Adjustments to Reconcile Decrease in Net Assets		
To Net Cash Provided by Operating Activities		
Unrealized (Gain) Loss on Interest Rate Swap	(1,946,570)	(1,439,083)
(Gain) Loss on Disposition of Property and Equipment	138,792	-
Depreciation Expense	2,555,561	2,473,679
Amortization Expense - Debt Issuance Costs	18,439	10,719
(Increase) Decrease in Receivables	6,524	(40,359)
(Increase) Decrease in Amount Due from ULM	178,203	(130,237)
Increase (Decrease) in Accounts Payable	107,586	35,231
Increase (Decrease) in Deferred Revenue	(30,421)	167,756
Increase (Decrease) in Accrued Interest Payable	(6,578)	(4,959)
Net Cash Provided (Used) by Operating Activities	2,891,896	2,396,202
Cash Flows from Investing Activities		
Payments for Property and Equipment Acquisition and Construction	(2,228,500)	(544,731)
Net Cash Provided (Used) by Investing Activities	(2,228,500)	(544,731)
Cash Flows from Financing Activities		
Proceeds from Bank Loan	-	2,000,000
Principal Payments on Debt	(1,040,550)	(1,569,242)
Payments of Debt Issuance Costs	(4,337)	(11,500)
Net Cash Provided (Used) by Financing Activities	(1,044,887)	419,258

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Net Increase (Decrease) in Cash and Cash Equivalents	(381,491)	2,270,729
Cash and Cash Equivalents at Beginning of Year	12,519,168	10,248,439
Cash and Cash Equivalents at End of Year	$ 12,137,677	$ 12,519,168

Supplemental Disclosure of Cash Flow Information

	2012	2011
Cash Paid During The Year For Interest		
Capitalized	$ 23,936	$ 26,916
Expensed	3,358,184	3,367,192
Total	$ 3,382,120	$ 3,394,108
Cash and Cash Equivalents are Presented as Follows in the Statement of Financial Position		
Current Assets		
Cash and Cash Equivalents - Restricted	4,018,010	4,775,167
Restricted Assets		
Cash and Cash Equivalents - Noncurrent	8,119,667	7,744,001
Total	$ 12,137,677	$ 12,519,168

Schedule of Noncash Investing/Financing Activities

	2012	2011
Acquisition of Property and Equipment Through the Incurrence of Liabilities	$ 95,938	$ 48,370

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2012 AND 2011

NOTE 1 – ORGANIZATION

ULM Facilities, Inc (the "Facilities"), a non-profit corporation, was organized under the laws of the State of Louisiana on February 27, 2004 The Facilities was formed for the benefit of the University of Louisiana at Monroe ("ULM") and its principal purpose is to coordinate, construct, and finance the development of facilities on the campus of ULM and to oversee the management of such facilities Certain operations are regulated by the Board of Supervisors for the University of Louisiana System (the "Board"), the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"), and Regions Bank (the "Trustee") through the provisions of ground and buildings lease agreements, facilities lease agreements, loan and assignment agreements, and trust indentures, including amendments and supplements, as applicable

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows

Basis of Accounting

The financial statements of the Facilities are prepared on the accrual basis of accounting and in accordance with U S generally accepted accounting principles

Basis of Presentation

Financial statement presentation follows the provisions of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958, *Not-for-Profit Organizations* Under FASB ASC 958, the Facilities is required to report information regarding its financial position and activities according to three classes of net assets unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets

Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Facilities considers all cash and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at unpaid balances less an allowance for doubtful accounts Accounts receivable consists of the amount due from students for housing rental and the amount due on the Laundry Room Lease At June 30, 2012 and 2011, the accounts receivable for student rents totaled $150,961 and $160,298, respectively, and the amount due under the Laundry Room Lease agreement totaled $7,248 and $7,246, respectively The accounts receivable are reported net of the allowance for doubtful accounts The allowance for doubtful accounts totaled $45,288 and $48,099 at June 30, 2012 and 2011, respectively The allowance for doubtful accounts for student rent receivables is estimated by applying a historical percentage to the rents receivable due from former students The receivables due from student rents are considered to be past due when they are still owed as of the fourteenth class day of each semester These receivables are deemed uncollectible once the student is no longer enrolled at ULM and are charged-off if there is no activity for a three-year period from the date they are deemed uncollectible

Property, Equipment, and Depreciation

Project costs clearly associated with the acquisition, development, and construction/renovation of buildings, structures, and site improvements are capitalized Indirect project costs that relate to several projects are capitalized and allocated to the projects to which the costs relate Indirect costs that do not clearly relate to projects under development or construction, including general and administrative expenses, are charged to expense as incurred Interest related to the development and construction of a project is allocated to the project's cost through the date of substantial completion of the project Furniture, fixtures, equipment, and site improvements are recorded at acquisition cost Donations of property and equipment are recorded as contributions at their estimated fair value The Facilities capitalizes additions of property and equipment in excess of $1,000 cost or fair value, if donated

Depreciation is provided for in amounts sufficient to relate the cost or fair value of depreciable assets to operations over their estimated service lives using the straight-line method Improvements that materially prolong the useful lives of assets are capitalized, while expenditures for normal maintenance and repairs are charged to expense as incurred Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation The resulting gains and losses are reflected in the statement of activities

Derivative Instruments

The Facilities uses derivative instruments to manage its risks related to interest rate movements on certain of its variable interest rate loans The Facilities has interest rate swap agreements that were entered into as a hedge of cash flow variability caused by changes in interest rates on variable rate bonds The differential interest required to be paid or that will be received under these agreements is accrued consistent with the terms of the agreements and is recognized in interest expense as accrued Terms of the swap agreements require the differential interest to be paid or received monthly Generally accepted accounting principles require derivative instruments, such as interest rate swap agreements, to be recognized at fair value as either assets or liabilities in the statement of financial position See Note 5 – Notes Payable and Related Financing Agreements for additional information regarding the Facilities' interest rate swap agreements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Debt issuance costs are being amortized over the lives of the debt using the effective interest method Debt issuance costs are reported net of accumulated amortization of $50,189 and $31,750 as of June 30, 2012 and 2011, respectively

Student Rent Income

Student Rent Income is derived primarily from student rentals of the housing facilities and is recognized as rentals become due Rental payments received in advance are deferred until earned All leases for student housing are operating leases and do not exceed twelve months in duration

Student Fees

Student Fees consists of a portion of the Student Health Center Fees, Student Union Fees, Student Success Center Fees, Athletic Facility Fees, and Vehicle Fees, which are charged, as applicable, to the students at the time of enrollment in ULM The Facilities records Student Fees in income at the time such fees are received by the Facilities The Student Fees received from ULM are considered to be "rents" in accordance with the terms of each Agreement to Lease With Option to Purchase as described in Note 7 – Ground and Facilities Lease Agreements

Advertising Costs

Advertising and marketing costs are expensed as incurred

Income Taxes

The Facilities is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code During the year ended June 30, 2010, the Facilities adopted certain provisions of FASB ASC 740, *Income Taxes* The Facilities believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements The Facilities' Federal Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2011, 2010, and 2009 are subject to examination by the IRS, generally for three years after they were filed

NOTE 3 – RESTRICTED ASSETS – CASH AND CASH EQUIVALENTS

The Louisiana Local Government Environmental Facilities and Community Development Authority has had several bond issues, the proceeds of which have been loaned to the Facilities The provisions of the various Trust Indentures and Loan and Assignment Agreements between the Facilities and the Authority require the Facilities to establish various trust funds with the Trustee which are restricted in use for, among other things, debt service, capital projects, renovations, and operations The Trust funds are included in cash and cash equivalents in the statement of financial position

NOTE 3 – RESTRICTED ASSETS – CASH AND CASH EQUIVALENTS (CONTINUED)

Project Account – Scoreboards, Athletic Venue Upgrades, & Video Display Boards

During the year ended June 30, 2011, the Facilities received the proceeds of financing in the amount of $2,000,000, which is restricted for the installation of scoreboards and for upgrades at various athletic venues on the campus of ULM and for two electronic display boards At June 30, 2012, unexpended loan proceeds in the amount of $125,685 were on deposit with Regions Bank and are included in cash and cash equivalents

Replacement Fund

In accordance with the provisions of the Trust Indentures, the Facilities is required to fund Replacement Funds on an annual basis The Replacement Funds are to be used to (i) fund the cost of replacing any worn out, obsolete, inadequate, unsuitable or undesirable property, furniture, fixtures, or equipment placed upon or used in connection with those facilities which were funded through bond proceeds and (ii) maintain such facilities and to make all alterations, repairs, restorations, and replacements to such facilities as and when needed to preserve the facilities in good working order, condition, and repair Funds in the Replacement Funds may, with the consent of the bondholders, also be used to pay debt service on the bonds in the event there are insufficient funds in the Debt Service Fund and Debt Service Reserve Fund on the date such payment of debt service is due

The Series 2004A & 2004B Trust Indenture and the Series 2004C & 2004D Trust Indenture require the Facilities to fund the Replacement Fund on annual basis beginning on November 1, 2006 The annual amount required to be funded is equal to one and one-half percent (1 5%) of the hard construction costs (not including professional services and fees) payable from the proceeds of the bonds As of June 30, 2012, the Replacement Fund balance totaled $3,169,414

The Series 2006 Trust Indenture requires the Facilities to fund the Replacement Fund on annual basis beginning on November 1, 2008 The annual amount required to be funded is equal to one-half percent (0 5%) of the hard construction costs (not including professional services and fees) payable from the proceeds of the bonds As of June 30, 2012, the Replacement Fund balance totaled $26,001

The Series 2007 Trust Indenture requires the Facilities to fund the Replacement Fund on annual basis beginning on November 1, 2009 The annual amount required to be funded is equal to one and one-half percent (1 5%) of the hard construction costs (not including professional services and fees) payable from the proceeds of the bonds As of June 30, 2012, the Replacement Fund balance totaled $88,887

The total amount required to be contributed annually to the Replacement Funds is $777,586 As of June 30, 2012, the Replacement Funds were adequately funded

Debt Service Reserve Funds

The Facilities maintains Debt Service Reserve Funds for the Series 2004A and Series 2004A-T debt, the Series 2004C and Series 2004C-T debt, and the Series 2006 debt Moneys in each of the Debt Service Reserve Funds will be used to pay the amounts due on the related debt but only to the extent that there are not sufficient funds in the Receipts Fund to pay such amounts As of June 30, 2012, the Series 2004A and Series 2004A-T Debt

NOTE 3 – RESTRICTED ASSETS – CASH AND CASH EQUIVALENTS (CONTINUED)

Service Reserve Fund totaled $2,630,403, the Series 2004C and 2004C-T Debt Service Reserve Fund totaled $2,054,960, and the Series 2006 Debt Service Reserve Fund totaled $150,002

NOTE 4 – PROPERTY AND EQUIPMENT

At June 30, 2012 and 2011, property and equipment are comprised of the following

	2012	2011
Buildings and Renovations	$ 58,174,651	$ 57,629,388
Furniture, Fixtures, & Equipment	4,622,252	4,405,012
Site Improvements	3,090,680	1,179,020
Campus Parking	1,370,081	1,370,081
Total Depreciable Property	67,257,664	64,583,501
Less Accumulated Depreciation	(14,907,307)	(12,379,932)
Net Depreciable Property	52,350,357	52,203,569
Construction-in-Progress	28,028	593,101
Net Property and Equipment	$ 52,378,385	$ 52,796,670

At June 30, 2012, all of the Facilities' property and equipment was leased to the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, in accordance with the facility lease agreements discussed in Note 7 to the financial statements

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS

Notes Payable - Series 2004A, 2004A-T, 2004C, & 2004C-T

On June 30, 2004, the Louisiana Local Government Environmental Facilities and Community Development Authority issued $33,365,000 in Tax-Exempt Variable Rate Revenue Bonds (Series 2004A) and $1,845,000 in Taxable Variable Rate Revenue Bonds (Series 2004B) On December 8, 2004, the Authority issued $32,515,000 in Tax-Exempt Variable Rate Revenue Bonds (Series 2004C) and $1,165,000 in Taxable Variable Rate Revenue Bonds (Series 2004D) The proceeds of the bond issues were loaned to ULM Facilities, Inc for the following purposes (i) to demolish eight (8) existing dormitories on the campus of the University of Louisiana at Monroe, (ii) to design, develop, and construct new on-campus student housing and to renovate and refurbish existing on-campus student housing, (iii) to design, develop, and construct a new on-campus student infirmary, (iv) to expand and renovate ULM's student center, (v) to pay off housing-related debt in the amount of $1,178,926, and (vi) to fund various reserves and to pay bond issuance costs The Series 2004A and Series 2004B bond proceeds were loaned to the Facilities pursuant to a Loan and Assignment Agreement by and between the Facilities and the Authority dated June 1, 2004 The Series 2004C and 2004D bond proceeds were loaned to the Facilities pursuant to a First Amendment to Loan and Assignment Agreement by and

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

between the Facilities and the Authority dated December 1, 2004 During the year ended June 30, 2009, the indebtedness represented by the Series 2004B Bonds and Series 2004D Bonds was paid in full

On December 1, 2009, the Authority and Regions Bank entered into the Second Supplemental Trust Indenture whereby the Series 2004C bonds totaling $32,240,000 were reissued as Tax-Exempt Variable Rate Revenue Bonds -Series 2004C bonds in the amount of $30,000,000 and Taxable Variable Rate Revenue Bonds - Series 2004C-T in the amount of $2,240,000 As detailed in the Second Supplemental Trust Indenture, the Series 2004C bonds and the Series 2004C-T bonds are referred to as "Bank Rate Bonds" The Series 2004C bonds are subject to an interest rate of 59 8% of the LIBOR Rate plus 1 6% (the "Bank Rate"), and the Series 2004C-T bonds are subject to an interest rate of the LIBOR Rate plus 1 5% (the "Taxable Bank Rate")

On January 1, 2010, the Authority and Regions Bank entered into the Third Supplemental Trust Indenture whereby the Series 2004A bonds totaling $33,365,000 were reissued as Tax-Exempt Variable Rate Revenue Bonds -Series 2004A bonds in the amount of $30,000,000 and Taxable Variable Rate Revenue Bonds - Series 2004A-T in the amount of $3,365,000 As detailed in the Third Supplemental Trust Indenture, the Series 2004A bonds and the Series 2004A-T bonds are referred to as "Bank Rate Bonds" The Series 2004A bonds are subject to an interest rate of 59 8% of the LIBOR Rate plus 1 6% (the "Bank Rate"), and the Series 2004A-T bonds are subject to an interest rate of the LIBOR Rate plus 1 5% (the "Taxable Bank Rate")

The principal and interest payments on the loans are required to be the amount equal to the principal and interest amounts of the underlying bonds To secure the Facilities' obligations under the Loan and Assignment Agreement, as amended, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the each Amended and Restated Agreement to Lease With Option to Purchase between the Facilities and the Board of Supervisors for the University of Louisiana System, all rents and receipts derived from occupancy of the on-campus facilities, and any and all additional revenues received by the Facilities As of June 30, 2012 and 2011 the terms of the loans are as follows

	UNDERLYING BONDS			
	Series 2004A Bonds	Series 2004A-T Bonds	Series 2004C Bonds	Series 2004C-T Bonds
Original loan amount	$30,000,000	$3,365,000	$30,000,000	$2,240,000
Annual Interest Rate	Bank Rate	Taxable Bank Rate	Bank Rate	Taxable Bank Rate
Interest Payments Due	Monthly	Monthly	Monthly	Monthly
Principal Payments Due	November 1	November 1	November 1	November 1
Commencing	11/01/2016	11/01/2012	11/01/2014	11/01/2010
Maturity Date	11/01/2034	11/01/2016	11/01/2035	11/01/2014

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

	UNDERLYING BONDS			
	Series 2004A Bonds	Series 2004A-T Bonds	Series 2004C Bonds	Series 2004C-T Bonds
Principal Balance Due At 06/30/12	$30,000,000	$3,365,000	$30,000,000	$1,545,000
Principal Balance Due At 06/30/11	$30,000,000	$3,365,000	$30,000,000	$2,055,000

Note Payable - Series 2006 Bonds

On November 29, 2006, the Louisiana Local Government Environmental Facilities and Community Development Authority issued $1,500,000 in Revenue Bonds (Series 2006) The proceeds of the bond issue were loaned to ULM Facilities, Inc for the following purposes (i) to finance a portion of the design, development, construction, and equipping of an Intermodal Transit Facility and the improvement of existing parking lots or construction of new parking lots for students, faculty, staff and the public on the campus of the University of Louisiana at Monroe, (ii) to fund a deposit to a debt service reserve fund, if necessary, and (iii) to pay bond issuance costs The Series 2006 bond proceeds were loaned to the Facilities pursuant to a Loan and Assignment Agreement by and between the Facilities and the Authority dated November 29, 2006

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds As such, the loan bears interest at a rate of 5 06% per annum and matures on November 1, 2016 Interest is payable on the loan on May 1st and November 1st of each year and principal is payable on November 1st of each year To secure the Facilities' obligations under the Loan and Assignment Agreement, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the Agreement to Lease With Option to Purchase dated November 29, 2006, between the Facilities and the Board of Supervisors for the University of Louisiana System, and any leases, subleases and use agreements or other similar agreements relating to the Intermodal Transit Facility, all rents, issues, receipts and profits derived from the use or occupancy of the Intermodal Transit Facility, and any and all additional revenues, income, receipts and other payments, including but not limited to, insurance proceeds, grants, donations, sale proceeds received by the Facilities for or relating to the Intermodal Transit Facility The principal balance due on the Note Payable – Series 2006 Bonds totaled $845,000 and $990,000 at June 30, 2012 and 2011, respectively

Note Payable - Series 2007

On October 1, 2007, the Louisiana Local Government Environmental Facilities and Community Development Authority issued $2,045,000 in Revenue Bonds (Series 2007) The proceeds of the bond issue were loaned to ULM Facilities, Inc for the following purposes (i) demolishing and/or renovating certain existing buildings and developing, constructing, and equipping a student learning enhancement facility [the Clarke M Williams

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

Student Success Center (the "Student Success Center")], related facilities, and other campus improvements, and (ii) to pay bond issuance costs The Series 2007 bond proceeds were loaned to the Facilities pursuant to a Loan and Assignment Agreement by and between the Facilities and the Authority dated October 1, 2007

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds As such, the loan bears interest at a rate of 5 40% per annum and matures on October 1, 2027 Interest is payable on the loan on April 1st and October 1st of each year and principal is payable on October 1st of each year To secure the Facilities' obligations under the Loan and Assignment Agreement, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the Agreement to Lease With Option to Purchase dated October 1, 2007, between the Facilities and the Board of Supervisors for the University of Louisiana System, and any leases, subleases and use agreements or other similar agreements relating to the Student Success Center, all rents, issues, receipts and profits derived from the use or occupancy of the Student Success Center, and any and all additional revenues, income, receipts and other payments, including but not limited to, insurance proceeds, grants, donations, sale proceeds received by the Facilities for or relating to the Student Success Center The principal balance due on the Note Payable – Series 2007 Bonds totaled $1,790,000 and $1,860,000 at June 30, 2012 and 2011, respectively

Note Payable – Regions Bank (Artificial Turf)

On April 17, 2007, the Facilities entered into a $577,150 loan agreement with Regions Bank for the purpose of replacing the football field turf with an artificial surface The loan bears interest at a rate of 6 00% and matures on April 15, 2012 The loan is to be repaid in nine (9) principal payments of $57,700 and one (1) final principal payment of $57,850 The first principal payment is due on October 15, 2007, and all subsequent principal payments are due on the same day of each half-year after that In addition, the Facilities will pay regular semi-annual payments of all accrued unpaid interest due as of each payment date beginning on October 15, 2007, with all subsequent interest payments to be due on the same day of each half-year after that The loan is collateralized by the Student Athletic Fees paid by each student at the University of Louisiana at Monroe The note was paid in full during the year ended June 30, 2012

Note Payable – Regions Bank (Series 2004B Bonds Refinancing)

On February 1, 2009, the Facilities entered into a $1,243,842 loan agreement with Regions Bank for the purpose of replacing the indebtedness represented by the Series 2004B Bonds Upon the loan's maturity on January 31, 2010, the loan was paid off and a new loan agreement was entered into with Regions Bank in the amount of $1,013,842 The loan was paid in full during the year ended June 30, 2011

Note Payable – Regions Bank (Athletic Scoreboards and Facility Upgrades)

On March 11, 2011, the Facilities entered into a $2,000,000 loan agreement with Regions Bank for the purposes of (i) replacing scoreboards at the football, baseball, softball, and soccer venues, (ii) replacing approximately 2,300 of the chair-back seats in Malone Stadium, (iii) constructing dugouts for the softball and

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

soccer fields, and (iv) installing two electronic display boards The loan bears interest at a rate of 4 60% and matures on March 11, 2016 The loan is to be repaid in nineteen (19) quarterly installments of principal of $50,000 plus accrued interest A final principal payment of $1,050,000 plus accrued interest is due on March 11, 2016 The first principal and interest payment was due on June 11, 2011, and all subsequent principal and interest payments are due on the same day of every third month after that As collateral security for repayment of the note, the Facilities granted Regions Bank a continuing security interest in any and all funds that the Facilities has on deposit with Regions Bank The principal balance due on this loan totaled $1,750,000 and $1,950,000 at June 30, 2012 and 2011, respectively

Aggregate Maturities of Long-Term Debt

The aggregate maturities of long-term debt for each of the next five years and in five-year increments thereafter, based on interest rates in effect at June 30, 2012, are as follows

Years Ending June 30,	Interest Rate Swaps	Principal	Interest	Totals
2013	691,137	1,255,000	1,352,136	3,298,273
2014	-	1,740,000	1,307,402	3,047,402
2015	-	1,955,000	1,260,092	3,215,092
2016	-	3,090,000	1,200,210	4,290,210
2017	-	2,045,000	1,114,233	3,159,233
2018 - 2022	-	10,880,000	4,948,575	15,828,575
2023 - 2027	-	14,010,000	3,735,334	17,745,334
2028 - 2032	-	17,330,000	2,248,405	19,578,405
2033 - 2037	-	16,990,000	565,364	17,555,364
	$ 691,137	$ 69,295,000	$ 17,731,751	$ 87,717,888

The total amount of interest costs incurred for the year ended June 30, 2012, totaled $3,375,542, of which $23,936 was capitalized and $3,351,606 was charged to expense

Remarketing Agreement

The Facilities, Regions Bank (as Trustee), and Morgan Keegan and Company, Inc ("Morgan Keegan") entered into two remarketing agreements whereby Morgan Keegan was appointed to serve as the Remarketing Agent under the Trust Indenture (Series 2004A and 2004B bonds) and the First Supplemental Indenture (Series 2004C and 2004D bonds), collectively, the "Indentures" The duties of Morgan Keegan as the Remarketing Agent include the weekly computation of the variable interest rates on those bonds outstanding that have not been converted to a fixed interest rate In accordance with the Second Supplemental Trust Indenture and the Third Supplemental Trust Indenture, the Remarketing Agreement and the duties and

NOTE 5 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (CONTINUED)

obligations of the Remarketing Agent are suspended during the period of time in which the bonds bear interest at the Bank Rate

Interest Rate Swaps

On October 31, 2007, The Louisiana Local Government Environmental Facilities and Community Development Authority and Regions Bank entered into two interest rate swap agreements ("Swap Agreements") on its Series 2004A and Series 2004C bonds During the year ended June 30, 2010, the Authority and Regions Bank terminated the existing Swap Agreements and entered into four new Swap Agreements The Swap Agreements are fixed rate swaps that are utilized to mitigate or eliminate the interest rate exposure of the variable rate bonds In essence, the intention of the Swap Agreements is to effectively change the Facilities' variable interest rate on the bonds to a synthetic fixed rate Each of the Swap Agreements terminates on November 1, 2012 See Note 2 for additional information on the Facilities' purpose for entering into derivatives utilized to manage its interest rate risk

The Notional Amount, the Fixed Rate, and the Floating Rate Option of each Swap Agreement are as follows

Bond	Notional Amount	Fixed Rate	Floating Rate Option
Series 2004A	$ 30,000,000	3 3440%	59 80% of LIBOR
Series 2004A-T	$ 1,065,000	3 9150%	LIBOR
Series 2004C	$ 30,000,000	3 2440%	59 80% of LIBOR
Series 2004C-T	$ 1,545,000	4 1600%	LIBOR

Generally accepted accounting principles require derivative instruments that are designated and qualifying as hedging instruments, such as the Facilities Swap Agreements, to be recognized at fair value as either assets or liabilities in the statement of financial position Accordingly, the negative $841,445 total value of the Swap Agreements at June 30, 2012, is reported as a liability in the statement of financial position This reflects a $1,946,570 decrease in the liability (i e , increase in value of the swap) since the prior fiscal year This increase in value is reported in the statement of activities in unrealized gains (losses) The fair values at June 30, 2012 and 2011 use significant unobservable inputs (Level 3) based on the expected cash flows over the life of the trade as calculated by Regions Bank The expected cash flows are determined by evaluating transactions with a pricing model using the closing mid-market market rate/price environment of June 30, 2012 and June 30, 2011, as applicable There have been no changes in valuation techniques and related inputs

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

The Facilities has demand deposits held in trust, as well as separately from the trust, by Regions Bank The Facilities also has short-term investments (cash equivalents) in various funds containing U S Treasury securities, which are held in trust by Regions Bank The short-term investments, totaling $2,274,511 [at fair value (Level 1 inputs – quoted prices in active markets for identical assets) and at cost], are collateralized by U S Treasury securities and are uninsured and thus, are exposed to credit risk The demand deposits, in total, are insured by the Federal Deposit Insurance Corporation in an amount up to $250,000 The Facilities had uninsured deposit balances totaling $9,613,165 at June 30, 2012 The Facilities maintains its cash with a high quality financial institution which the Facilities believes limits these risks

The Facilities has concentrations of credit risk relevant to its receivables for student rents and the laundry contract

The Facilities does not require collateral to support financial instruments subject to credit risk

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS

Student Housing, Student Health Center, and Student Union

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Amended and Restated Ground and Buildings Lease Agreement (the "Ground Lease") on June 1, 2004 Under the terms of the Ground Lease, the Board leases certain tracts of land and buildings owned by the Board and located on the campus of ULM to the Facilities for the sum of $1 per year The Facilities entered into the Ground Lease for the purpose of demolishing certain existing facilities and renovating, developing, and constructing student housing and related facilities, a student union and an infirmary The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights under the Ground Lease and leases back the student housing and related facilities, student union, and infirmary from the Facilities for the support, maintenance, and benefit of the Board and ULM See Facilities Lease below

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) November 1, 2044, or (ii) the date on which the Bonds issued on behalf of the Facilities to pay for construction of the student housing and related facilities have been paid or have been deemed to have been paid in full

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Amended and Restated Agreement to Lease With Option to Purchase (the "Facilities Lease") on June 1, 2004 Under the terms of the Facilities Lease, the Facilities leases the student housing and related facilities to the Board, and the Board agrees, upon completion of renovation and construction of the student housing and related facilities, to accept possession of such housing and facilities Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Facilities for the use and occupancy of the student housing and facilities The base rental is due on the dates

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

that principal and/or interest are due and payable on the bonds and in amounts equal to the principal and/or interest due and payable The base rental also includes payments made to meet the reserve funding requirements of the Indentures The Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the student housing and related facilities

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) November 1, 2044, or (ii) the date that all amounts owed under the Indentures have been paid

Intermodal Parking and Transit Facility and Parking Improvements

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into a Ground and Buildings Lease Agreement (the "Ground Lease") on November 29, 2006 Under the terms of the Ground Lease, the Board leases certain tracts of land owned by the Board and located on the campus of ULM to the Facilities for the sum of $1 per year The Facilities entered into the Ground Lease for the purpose of developing and constructing an intermodal parking and transit facility, related facilities, and other campus parking improvements The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights under the Ground Lease and, upon completion, will lease back the intermodal parking and transit facility, related facilities, and other campus parking improvements from the Facilities for use by the students, faculty, and staff of ULM and such other persons as set forth in the Facilities Lease described below

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) November 1, 2021, or (ii) the date on which the Bonds issued on behalf of the Facilities to pay for construction of the intermodal parking and transit facility, related facilities, and other campus parking improvements have been paid or have been deemed to have been paid in full

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Agreement to Lease With Option to Purchase (the "Facilities Lease") on November 29, 2006 Under the terms of the Facilities Lease, the Facilities will lease, upon completion, the intermodal parking and transit facility, related facilities, and other campus parking improvements to the Board, and the Board agrees, upon completion of construction of the parking projects to accept possession of the parking facility and improvements Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Facilities for the use of the parking and transit facility, related facilities, and other campus parking improvements The base rental is due on the 15th day of the month preceding the dates that principal and/or interest are due and payable on the bonds and in amounts equal to the principal and/or interest due and payable The base rental also includes payments made to meet the Replacement Fund funding requirements of the Indenture The Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the parking projects

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) November 1, 2021, or (ii) the date that all amounts owed under the Indentures have been paid

Artificial Turf – Malone Stadium

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into a Ground Lease Agreement (the "Ground Lease") on April 17, 2007 Under the terms of the Ground Lease, the Board leases the field surface at Malone Stadium to the Facilities for the sum of $1 per year The Facilities entered into the Ground Lease for the purpose of removing the existing field surface at Malone Stadium and installing artificial turf The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights under the Ground Lease and, upon completion, will lease back the artificial field surface from the Facilities for use by the students, faculty, and staff of ULM and such other persons as set forth in the Facilities Lease described below

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) April 16, 2012, or (ii) the date on which the loan issued on behalf of the Facilities to pay for the removal of the existing surface and installation of the artificial surface has been paid or has been deemed to have been paid in full

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Agreement to Lease With Option to Purchase (the "Facilities Lease") on April 17, 2007 Under the terms of the Facilities Lease, the Facilities will lease, upon completion of installation of the artificial surface at Malone Stadium to the Board, and the Board agrees, upon completion of installation of the artificial surface to accept possession of the artificial surface Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Facilities for the use of the artificial surface The base rental is due monthly, on the 1st day of the month preceding the next interest and principal payment date, in an amount equal to the amount necessary to pay the principal and interest due and payable on the loan on the following principal payment date In addition to the base rental, the Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the parking projects

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) April 16, 2012, or (ii) the date that all amounts owed under the loan have been paid

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

Student Success Center

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into a Ground and Buildings Lease Agreement (the "Ground Lease") on October 25, 2007 Under the terms of the Ground Lease, the Board leases certain tracts of land owned by the Board and located on the campus of ULM to the Facilities for the sum of $1 per year The Facilities entered into the Ground Lease for the purpose of demolishing and/or renovating certain existing buildings and developing, constructing, and equipping the Clarke M Williams Student Success Center, related facilities, and other campus improvements The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights under the Ground Lease and, upon completion, will lease back the Clarke M Williams Student Success Center, related facilities, and other campus improvements from the Facilities for use by the students, faculty, and staff of ULM and such other persons as set forth in the Facilities Lease described below

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) October 25, 2032, or (ii) the date on which the Bonds issued on behalf of the Facilities to pay for construction of the Clarke M Williams Student Success Center, related facilities, and other campus improvements have been paid or have been deemed to have been paid in full

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Agreement to Lease With Option to Purchase (the "Facilities Lease") on October 25, 2007 Under the terms of the Facilities Lease, the Facilities will lease, upon completion, the Clarke M Williams Student Success Center, related facilities, and other campus improvements to the Board, and the Board agrees, upon completion of construction of such projects to accept possession of the projects

Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Facilities for the use of the Clarke M Williams Student Success Center, related facilities, and other campus improvements The base rental is due on the 15th day of the month preceding the dates that principal and/or interest are due and payable on the bonds and in amounts equal to the principal and/or interest due and payable The base rental also includes payments made to meet the Replacement Fund funding requirements of the Indenture The Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the aforementioned projects

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) October 1, 2032, or (ii) the date that all amounts owed under the Indentures have been paid

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

Scoreboards, Athletic Facilities Upgrades, & Electronic Display Boards

Ground Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into a Ground Lease Agreement (the "Ground Lease") on March 18, 2011 Under the terms of the Ground Lease, the Board leases certain tracts of land owned by the Board and located on the campus of ULM to the Facilities for the sum of $1 per year The Facilities entered into the Ground Lease for the following purposes (i) to install scoreboards at Malone Stadium, the baseball stadium, softball field, and soccer field, (ii) to install chair-back seating in Malone Stadium, (iii) to construct dugouts at the softball field and the soccer field, and (iv) to install two electronic display boards The Board owns all of the facilities included in the Ground Lease subject to the Facilities rights under the Ground Lease and, upon completion, will lease back the electronic display boards, scoreboards, seating, and dugouts as set forth in the Facilities Lease described below

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (i) March 17, 2016, or (ii) the date on which the loan issued on behalf of the Facilities to pay for the installation of the scoreboards, seating, and electronic display board and the construction of the dugouts has been paid or has been deemed to have been paid in full

Facilities Lease Agreement

The Facilities and the Board of Supervisors for the University of Louisiana System, on behalf of the University of Louisiana at Monroe, entered into an Agreement to Lease With Option to Purchase (the "Facilities Lease") on March 18, 2011 Under the terms of the Facilities Lease, the Facilities will lease, upon completion of installation and/or construction, to the Board the following (i) the scoreboards at Malone Stadium, the baseball stadium, softball field, and soccer field, (ii) the chair-back seating in Malone Stadium, (iii) the dugouts at the softball field and the soccer field, and (iv) two electronic display boards The Board agrees, upon completion of installation and/or construction, to accept possession of the following (i) the scoreboards at Malone Stadium, the baseball stadium, softball field, and soccer field, (ii) the chair-back seating in Malone Stadium, (iii) the dugouts at the softball field and the soccer field, and (iv) two electronic display boards Under the terms of the Facilities Lease, the Board is required to pay a base rental to the Facilities for the use of the scoreboards, chair-back seating, dugouts, and electronic display boards The base rental is due quarterly, on the 1st day of the month preceding the next interest and principal payment date, in an amount equal to the amount necessary to pay the principal and interest due and payable on the loan on the following principal payment date In addition to the base rental, the Board agrees to pay as additional rental any and all expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the scoreboards, chair-back seating, dugouts, and electronic display boards

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (i) March 17, 2016, or (ii) the date that all amounts owed under the loan have been paid

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2012 AND 2011

NOTE 7 – GROUND AND FACILITIES LEASE AGREEMENTS (CONTINUED)

Future Minimum Lease Payments and Rentals

Ground Lease Agreements

The future minimum lease payments under ground leases (operating leases) as of June 30, 2012, are as follows

Year Ending June 30	Amount
2013	$ 4
2014	4
2015	4
2016	4
2017	3
Thereafter	45
Total Minimum Lease Payments	$ 64

Facilities Lease Agreements

As discussed above, each facilities lease agreement between the Facilities and the Board contains a base rental and an additional rental The base rental amount is equal to the amount necessary to pay the principal and interest due on each loan as such principal and interest is payable The additional rental is to be received for expenses incurred by the Facilities on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the leased facilities Due to the contingent nature of the additional rental, the future minimum rentals under the facilities leases (operating leases) as of June 30, 2012, are reported utilizing the base rental and, therefore, are equivalent to the aggregate maturities of long-term debt as indicated in Note 5 to the financial statements

NOTE 8 – LAUNDRY ROOM LEASE

On February 10, 2005, the Facilities and Caldwell & Gregory, Inc ("CGI") entered into a Laundry Room Lease agreement, which was subsequently amended to reflect an effective date of July 15, 2006 Under the terms of the lease agreement, CGI has agreed to install, maintain, and service coin-operated drying and laundry equipment on the campus of ULM In addition, CGI has agreed to pay the Facilities 85% of all revenues over a $32 50 average per machine per month The payments are to be made at a rate of $850 per month with an accounting and a settlement to be made on an annual basis The lease agreement terminates on July 14, 2018, and will automatically renew under the same terms, conditions, and length unless cancelled by either party not less than 30 days and not more than 180 days prior to the expiration of the then current term

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 9 – RELATED PARTY TRANSACTIONS

The Facilities reimburses ULM for certain operating expenses resulting from ULM's management of the Facilities various properties The amount of reimbursable expenses totaled $2,330,125 and $2,163,644 for the years ended June 30, 2012 and 2011, respectively At June 30, 2012 and 2011, the Facilities owed $389,987 and $282,402, respectively, to ULM for reimbursable expenses

NOTE 10 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of the Facilities have been summarized on a functional basis in the statement of activities Accordingly, all costs of the Facilities are deemed to be program-related expenses

NOTE 11 – COMMITMENTS

On July 9, 2012, the Facilities entered into an agreement totaling $208,000 for exterior enhancements for Masur Hall

NOTE 12 – SUBSEQUENT EVENTS

The Facilities' management has evaluated subsequent events through August 28, 2012, the date which the financial statements were available for issue

Subsequent to June 30, 2012, the Facilities has incurred $208,000 in costs related to the Masur Hall exterior enhancements

Supplemental Information

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

SCHEDULE OF REVENUES, EXPENSES, AND CAPITALIZED EXPENDITURES MADE TO OR ON BEHALF OF ULM'S INTERCOLLEGIATE ATHLETICS PROGRAM

FOR THE YEAR ENDED JUNE 30, 2012

	2012
Revenues Contributed To or On Behalf of ULM's Intercollegiate Athletics Program	$ -
Expenses Paid To or On Behalf of ULM's Intercollegiate Athletics Program	$ 30,000
Capital Expenditures Paid To or On Behalf of ULM's Intercollegiate Athletics Program	$ 1,420,345